

Message Text

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ORIGIN XMB-04

INFO OCT-01 EUR-12 ISO-00 EB-08 COME-00 TRSE-00 OMB-01
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DRAFTED BY EXIM: R J ALBRIGHT
APPROVED BY EB/IFD/ODF:MVCREEKMORE
EXIM: W W GLICK
EXIM: E J O'CONNOR
SOV - MGARRISON
SOV:JLCOLBERT

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P 282040Z JUL 77
FM SECSTATE WASHDC
TO AMEMBASSY MOSCOW PRIORITY

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E.O. 11652: N/A

TAGS: EFIN, US, UR

SUBJECT:EXIMBANK MEETING WITH DEPUTY USSR TRADE REPRESENTATIVE, WASHINGTON

1. AT THEIR REQUEST USSR DEPUTY TRADE REPRESENTATIVE IN THE USA, ALEXANDER V. MAKAROV AND OLEG E. TISHCHENKO, SENIOR LEGAL ADVISER FOR THE TRADE REPRESENTATIVE'S OFFICE CALLED ON EXIMBANK CHAIRMAN JOHN L. MOORE, JR. JULY 25, 1977. MAKAROV SAID THAT THE FOREIGN TRADE MINISTRY IN MOSCOW ASKED THEM TO INQUIRE ABOUT EXIMBANK MILLINGNESS TO EXTEND THE TIME PERIOD AVAILABLE FOR DRAWING ON THE CREDIT FOR THE INTERNATIONAL TRADE CENTER (EXIM CREDIT NO. 5178) FROM THE TERMINAL DATE SPECIFIED IN THE LOAN AGREEMENT OF DECEMBER 31, 1978 TO A NEW TERMINAL DATE OF DECEMBER 31, LIMITED OFFICIAL USE

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1979. THE FOREIGN TRADE MINISTRY REQUESTED THAT EXIM CONSIDER SUCH ACTION WITHOUT CHANGE TO ANY OTHER FEATURES OF THE LOAN AGREEMENT; SPECIFICALLY NO CHANGE IN THE INTEREST RATE OF SIX PERCENT. MAKAROV SAID THEY EXPECTED THE EXTENSION OF AVAILABILITY TO INVOLVE ABOUT DOLLARS 10 MILLION OUT OF THE TOTAL CREDIT OF DOLLARS 72 MILLION. (NOTE: EXIM AND CHASE MANHATTAN EACH CARRY DOLLARS 36

MILLION AND THE CHASE SHARE IS NOT REPEAT NOT GUARANTEED BY EXIM). THE CITED NEED FOR THE AVAILABILITY EXTENSION IS THAT THE BUILDING WILL NOT BE READY TO RECEIVE BEFORE 1979 CERTAIN ELECTRICAL EQUIPMENT INVOLVED AND THE NATURE OF THIS EQUIPMENT REQUIRES THAT IT NOT BE STORED BUT BE INSTALLED AS SOON AS DELIVERED.

2. CHAIRMAN MOORE SAID THAT EXIM WOULD BE ABLE TO ACT ON A REQUEST FOR THE PROPOSED EXTENSION OF AVAILABILITY, BUT POINTED OUT THAT IT WAS STANDARD EXIM PRACTICE WITH ALL BORROWERS TO RAISE THE INTEREST RATE ON THE AMOUNT OF THE CREDIT INVOLVED IN THE EXTENSION; I.E. THE DOLLARS 10 MILLION. ALTHOUGH THE ACTUAL RATE WOULD BE SPECIFIED AT THE TIME OF FORMAL BOARD ACTION ON AN APPLICATION, THE USUAL RATE FOR THE EXTENSION BEING SUGGESTED BY THE USSR IN THIS CASE WOULD BE EIGHT AND ONE-HALF PERCENT. EXIMBANK COMPUTES THE RATE ACCORDING TO ITS STANDARD RATE SCHEDULE FOR THE PERIOD FROM THE ORIGINAL AVAILABILITY TERMINAL DATE IN THE CREDIT TO THE FINAL CREDIT REPAYMENT. (BEGIN FYI) THE CURRENT INTEREST RATE SCHEDULE IS EIGHT TO NINE PERCENT. THE EIGHT PERCENT RATE APPLIES TO CREDITS WITH A TOTAL TERM FROM DATE OF COMMITMENT OF SIX YEARS OR LESS. FOR EVERY YEAR THEREAFTER, THE RATE INCREASES BY ONE-EIGHTH OF ONE PERCENT TO A MAXIMUM OF NINE PERCENT FOR CREDITS WITH A TOTAL TERM OVER THIRTEEN YEARS. (END FYI).
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3. THE SOVIET REPRESENTATIVES WERE ADVISED THAT THE NORMAL PROCEDURE WOULD BE FOR THE EXIM BORROWER, VENESHTORGBANK, TO APPLY TO EXIM OFFICIALLY FOR THE AVAILABILITY EXTENSION. IT WAS NOTED THAT BORROWERS USUALLY WAIT UNTIL CLOSER TO THE TERMINAL DATE BEFORE APPLYING AND THAT THIS PERMITS CLEARER DEFINITION OF AMOUNTS INVOLVED, BUT TIMING OF AN APPLICATION WAS A DECISION BY THE BORROWER. IT WAS POINTED OUT THAT VENESHTORGBANK SHOULD SPECIFY WHETHER THE DOLLARS 10 MILLION WAS THE TOTAL AMOUNT (I.E. DOLLARS 5 MILLION EXIM

SHARE AND DOLLARS 5 MILLION CHASE) OR WHETHER DOLLARS 10 MILLION WAS ONLY THE EXIM SHARE AND THE TOTAL WOULD BE DOLLARS 20 MILLION. IT WAS ALSO EXPLAINED THAT WHEN ACTING ON AN APPLICATION EXIM WOULD HAVE TO OBTAIN CHASE CONSENT BECAUSE EXIM AND CHASE FUNDS ARE DISBURSED IN PARALLEL. VANCE

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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Sent Date: 28-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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